

OFFICE COPY

Prepared By _____

Approved By _____

An act to add Section 14301.4 to the Welfare and Institutions Code,
relating to Medi-Cal, and declaring the urgency thereof, to take effect
immediately.

DRAFT

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 14301.4 is added to the Welfare and Institutions Code, to read:

14301.4. (a) For the purposes of this section, the following definitions apply:

(1) "Intergovernmental transfer" or "IGT" means the transfer of public funds by the transferring entity to the state in accordance with the requirements of this section.

(2) "Managed care health plan" means a Medi-Cal managed care plan contracting with the department under this chapter or Article 2.7 (commencing with Section 14087.3), Article 2.8 (commencing with Section 14087.5), Article 2.81 (commencing with Section 14087.96), or Article 2.91 (commencing with Section 14089) of Chapter 7.

(3) "Transferring entity" means a public entity, which may be a city, county, special purpose district, or other governmental unit in the state, regardless of whether the unit of government is also a health care provider, except as prohibited by federal law.

(b) To the extent permitted by federal law, a transferring entity may elect to make an intergovernmental transfer to the state, and the department may accept all intergovernmental transfers from a transferring entity, for the purposes of providing support for the nonfederal share of risk-based payments to managed care health plans to enable those plans to compensate providers designated by the transferring entity for Medi-Cal health care services and for the support of the Medi-Cal program. The transferring entity shall certify to the department that the funds it proposes to transfer

satisfy the requirements of this section and are in compliance with all federal rules and regulations.

(c) The state shall retain 20 percent of each IGT amount to reimburse the department for the administrative costs associated with implementing this section and for the support of the Medi-Cal program.

(d) Participation in the intergovernmental transfers pursuant to this section is voluntary on the part of the transferring entities for the purposes of all applicable federal laws.

(e) The director shall seek any necessary federal approvals for the implementation of this section. This section shall be implemented only to the extent that federal financial participation is not jeopardized.

(f) To the extent that the director determines that the payments made pursuant to this section do not comply with the federal Medicaid requirements, the director retains the discretion to not make the payments and may adjust a payment as necessary to comply with federal Medicaid requirements.

(g) This section shall not apply to IGTs made pursuant to Sections 14168.7 and 14182.15.

(h) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement this section by means of policy letters or similar instructions, without taking further regulatory action.

(i) This section shall be implemented on July 1, 2011, or the date on which all necessary federal approvals have been received, whichever is later.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make changes necessary for implementation of the Budget Act of 2011, it is necessary that this act take effect immediately.

- 0 -

DRAFT

OFFICE COPY

Prepared By _____

Approved By _____

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Medi-Cal: managed care plans: intergovernmental transfers.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Under existing law, one of the methods by which Medi-Cal services are provided is pursuant to contracts with various types of managed care plans.

This bill would, to the extent permitted by federal law, authorize a transferring entity, as defined, to make an intergovernmental transfer (IGT) to the state, and would authorize the department to accept all intergovernmental transfers from a transferring entity, for the purposes of providing support for the nonfederal share of risk-based payments to managed care health plans, as defined, to compensate providers designated

by the transferring entity for Medi-Cal health care services and for the support of the Medi-Cal program. This bill would require the department to retain 20% of the IGT amount to reimburse the department for the administrative costs associated with implementing these provisions and for the support of the Medi-Cal program. This bill would require that these provisions be implemented on July 1, 2011, or the date on which all necessary federal approvals have been received, whichever is later.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.